

# EXHIBIT B

**Retirement Committee of the Compass Retirement Plan  
Retirement Committee of the Compass SmartInvestor 401(k) Plan  
Administrative Committee of the Deferred Compensation Plan for Compass Bancshares, Inc.  
(collectively, the "Committee")**

Meeting Minutes  
May 23, 2014

**Call to Order:**

The scheduled meeting of the Committee was called to order at 1:00 p.m. on Friday, May 23, 2014, at the 19<sup>th</sup> Floor Conference Room of the Daniel Building, Birmingham, Alabama, and via teleconference.

**Present and Attending:**

Committee Members:

Jim Heslop  
Javier Hernández  
Shane Clanton  
Joe Cartee  
Angel Reglero

Other Meeting Participants:

Bill Jones (BBVAC Wealth Management)  
Kelcey Wharton (BBVAC HR)  
Richard Tallo (BBVAC HR)  
Jonathan Pennington (BBVAC Accounting)  
Anne Marie Everly (BBVAC Accounting)  
Andrew Mack (Envestnet Prima)  
Geoff Selzer (Envestnet Prima) (via teleconference)

**REDACTED**

Kausar Brkic (BBVAC Legal)

Mr. Heslop acted as Chairman of the meeting and Ms. Brkic took minutes of the meeting in the absence of Stephen Hinton, the Committee's Secretary.

**Minutes:**

Mr. Heslop called the meeting to order and declared a quorum.

(1) (a) Mr. Heslop asked that the minutes of the February 14, 2014 Retirement Committee Meeting be reviewed and adopted. Upon motion duly made, seconded and unanimously carried, the minutes were approved and a copy ordered placed in the minute book of the Committee.

(b) Mr. Wharton stated that a fiduciary training session would be scheduled for members of the Committee. He explained that at the next meeting of the Committee, Maynard Cooper (Jimmy King) will lead the training on the responsibilities and roles of a fiduciary under ERISA. He indicated the need to extend the next regular meeting of the Committee by an hour to accommodate for this training. The Committee acknowledged and accepted this request.

[At this time Messrs. Fernandez and Ditzel joined the meeting via teleconference.]

**REDACTED**

# REDACTED

- (3) (a) Mr. Wharton presented the BBVA New York Branch Integration Plan and a possible merger of BBVA New York 401(k) Plan into the BBVA Compass SmartInvestor 401(k) Plan. He reported that there may be a possibility of the implementation planning and work beginning as early as June for a January 1, 2015 effective date. Mr. Cartee noted that such action should be carefully reviewed and not undertaken unnecessarily. The Committee engaged in extensive discussion regarding the topic.

[At this time Messrs. Mack and Selzer joined the meeting via teleconference.]

- (4) (a) Mr. Mack reviewed proposed changes to the Statement of Investment Policy (the "SIP") for the Compass SmartInvestor 401(k) Plan (the "401(k) Plan"). Mr. Mack discussed proposed changes and suggested updates to the SIP. He reported the need to update the available asset classes and funds within the SIP, make language more specific to mutual funds in the plan, and to designate a qualified default investment alternative. Mr. Wharton noted the need to review these in details with legal counsel prior to implementing changes.

(b) Mr. Mack and Selzer presented the performance review presentation for the 401(k) Plan for 1Q 2014. Mr. Mack reported that the Dodge & Cox Stock Fund, the plan's domestic large cap value option, was placed on the Watch List in 2Q 2013 for quantitative reasons. He reviewed the status of the Stock, stating that it has returned to favor in the current market. In addition, it will remain on the Watch List for an additional quarter for continued monitoring. Mr. Mack noted that at the end of the third quarter of 2013, the Principal LifeTime 2015, 2020 and 2025 target date funds fell short of the Sharpe ratio of their respective indices and peer group medians on a three- and five-year basis, and were recommended to be placed on the Watch List. Mr. Mack reported that despite the recommendation, Envestnet Prima has a positive view of the Principal LifeTime funds and explained its performance. Mr. Mack also reviewed the ASTON/ TAMRO Small Cap and Thornburg International Value fund, which were recommended for addition to the Watch List for quantitative reasons. He noted that these will remain on the Watch List for four quarters for failing the quantitative thresholds set for in the SIP.

[Following these presentations and a general discussion of the matters presented, Messrs. Mack and Selzer were excused from the meeting.]

**Adjournment:** There being no further business to be considered by the Committee, Mr. Heslop declared the meeting adjourned.

Minutes submitted by:  
Kausar Brkic





# **BBVA Compass SmartInvestor 401(k) Plan**

## **First Quarter 2014 Review**

May 23, 2014




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## Investnet Agenda

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- Suggested Updates to the Investment Policy Statement
- Review of Executive Summary
  - Watch List
    - Dodge & Cox Stock
    - Principal LifeTime 2015, 2020, and 2025
  - Additions to the Watch List
    - ASTON/TAMRO Small Cap
    - Thornburg International Value
- Review of Fund Fees



# **Proposed Updates to the BBVA Compass SmartInvestor 401(k) Plan Investment Policy Statement**

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## Investment Policy Statement

### Review of Proposed Changes

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Suggested changes to the existing IPS:

- Update the available asset classes and the funds within them.
- Make language more specific to mutual funds in the plan, as opposed to other investment vehicles like separately managed accounts.
- Designate a Qualified Default Investment Alternative (“QDIA”).
  - Recommend the target retirement date fund with a target date nearest the participant’s 67<sup>th</sup> birthday.



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## Review of Executive Summary

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## Executive Summary

### Dodge & Cox Stock Fund on the Watch List

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- Dodge & Cox Stock, the Plan's domestic large cap value option, was placed on the Watch List in the second quarter of 2013 for quantitative reasons.
- Per the IPS:
  - Any manager that underperforms on a risk-adjusted basis, as measured by the Sharpe ratio, both the median in the peer universe and market index over the most recent market cycle (3 and 5 years) will be placed on watch.

## Executive Summary

### Dodge & Cox Stock Fund on the Watch List

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Per the IPS:

- The watch period will be established for the next four quarters, for a one-year total watch duration.
- If, at the end of the watch period, risk-adjusted performance has improved to above the benchmark or above the median of the fund's peer group over 3 or 5 years, the fund will be removed from the watch list.
- If, at the end of the watch period, the fund is under-performing both objectives on a risk-adjusted basis, the Committee will have three options:
  1. Immediately terminate the fund.
  2. Begin a search for a replacement fund and extend the watch period.
  3. Interview the investment manager to determine if performance is suitably and reasonably explained and continue the watch period for some specified number of quarters.

## Executive Summary

### Dodge & Cox Stock Fund on the Watch List

- Dodge & Cox Stock improved versus the benchmark and peer group median on a 3 and 5 year basis the last three quarters.

		<u>3 Yr Sharpe</u>			<u>5 Yr Sharpe</u>		
		9/30/13	12/31/13	3/31/14	9/30/13	12/31/13	3/31/14
<u>Fund</u>	Dodge & Cox Stock	1.00	1.01	0.93	0.43	0.90	1.22
<u>Index</u>	Russell 1000 Value	0.99	0.98	0.91	0.38	0.84	1.28
<u>Peer Median</u>	Large Cap Value	0.98	0.94	0.86	0.4	0.89	1.21

- As forecasted, the Fund's style has returned to favor in the current market environment, benefitting performance.
- However, per the IPS, the Fund will remain on the Watch List for an additional quarter of continued monitoring.

## Executive Summary

### Principal LifeTime 2015, 2020, 2025 Funds on the Watch List

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- Following the third quarter, the Principal LifeTime 2015, 2020, and 2025 Funds were recommended for addition to the Watch List for quantitative reasons, per the Statement of Investment Policy:
  - Any manager that underperforms on a risk-adjusted basis, as measured by the Sharpe ratio, both the median in the peer universe and market index over the most recent market cycle (3 and 5 years) will be placed on watch.
- Despite this recommendation triggered by the IPS, Envestnet maintains a high opinion of the Principal LifeTime Funds.
- This is based on Principal's philosophy and management, and relative to peers in the target retirement date category.



## Executive Summary

### Principal LifeTime 2015, 2020, 2025 Funds on the Watch List

- In the first two quarters of Watch List monitoring, the 2015, 2020, and 2025 funds underperformed their respective indices and peer groups.
- However, all three funds matched the 5 year peer group median in this latest quarter.

		3 Yr Sharpe			5 Yr Sharpe		
		9/30/13	12/31/13	3/31/14	9/30/13	12/31/13	3/31/14
<b>Fund</b>	<b>Principal LifeTime 2015</b>	<b>0.88</b>	<b>0.85</b>	<b>0.76</b>	<b>0.48</b>	<b>0.97</b>	<b>1.25</b>
<b>Index</b>	<b>S&amp;P Target Date 2015</b>	0.97	0.93	0.87	0.59	1.01	1.30
<b>Peer Median</b>	<b>Target Date 2015</b>	0.91	0.86	0.78	0.55	1.04	1.25
<b>Fund</b>	<b>Principal LifeTime 2020</b>	<b>0.84</b>	<b>0.81</b>	<b>0.73</b>	<b>0.46</b>	<b>0.95</b>	<b>1.21</b>
<b>Index</b>	<b>S&amp;P Target Date 2020</b>	0.92	0.87	0.80	0.54	0.96	1.25
<b>Peer Median</b>	<b>Target Date 2020</b>	0.85	0.82	0.75	0.47	0.99	1.21
<b>Fund</b>	<b>Principal LifeTime 2025</b>	<b>0.82</b>	<b>0.78</b>	<b>0.70</b>	<b>0.44</b>	<b>0.92</b>	<b>1.18</b>
<b>Index</b>	<b>S&amp;P Target Date 2025</b>	0.88	0.84	0.76	0.50	0.93	1.20
<b>Peer Median</b>	<b>Target Date 2025</b>	0.84	0.78	0.71	0.45	0.94	1.18

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## Executive Summary

### ASTON/TAMRO Small Cap Watch List Recommendation

- The ASTON/TAMRO Small Cap is recommended for addition to the Watch List for quantitative reasons, per the Statement of Investment Policy:
  - Any manager that underperforms on a risk-adjusted basis, as measured by the Sharpe ratio, both the median in the peer universe and market index over the most recent market cycle (3 and 5 years) will be placed on watch.

		<u>3 Yr Sharpe</u> 3/31/14	<u>5 Yr Sharpe</u> 3/31/14
<u>Fund</u>	ASTON/TAMRO Small Cap	0.49	1.08
<u>Index</u>	Russell 2000	0.65	1.19
<u>Peer Median</u>	Small Cap Core	0.66	1.19

## Executive Summary

### ASTON/TAMRO Small Cap Watch List Recommendation

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- From a qualitative standpoint:
  - There have been no material changes to the investment process or portfolio management team.
  - Recent underperformance can be attributed in part to style headwinds, such as the fund's quality bias.
- Investnet still has confidence in the fund today but continued underperformance, particularly in market environments expected to benefit the strategy, would raise concern.
- ASTON/TAMRO Small Cap will remain on the Watch List for four quarters for failing the quantitative thresholds set forth in the IPS.



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## Executive Summary

### Thornburg International Value Watch List Recommendation

- The Thornburg International Value fund is recommended for addition to the Watch List for quantitative reasons, per the Statement of Investment Policy:
  - Any manager that underperforms on a risk-adjusted basis, as measured by the Sharpe ratio, both the median in the peer universe and market index over the most recent market cycle (3 and 5 years) will be placed on watch.

		<u>3 Yr Sharpe</u> 3/31/14	<u>5 Yr Sharpe</u> 3/31/14
<u>Fund</u>	<b>Thornburg International Value</b>	<b>0.12</b>	<b>0.68</b>
<u>Index</u>	<i>Russell Global Large Cap ex US</i>	0.25	0.74
<u>Peer Median</u>	<i>International Equity</i>	0.35	0.75



## Executive Summary

### Thornburg International Value Watch List Recommendation

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- Regarding recent shifts in portfolio management responsibilities at Thornburg:
  - There have been no personnel departures.
  - Co-Portfolio Manager Bill Fries remains devoted to the International Value fund. Given Mr. Fries' impact on the process, Envestnet is pleased he remains dedicated to the fund.
- The fund's first quarter underperformance relative to the index was significant and outside of statistical expectations.
- Thornburg International Value will remain on the Watch List for four quarters for failing the quantitative thresholds set forth in the IPS.




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## Review of Fund Fees

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## Fund Fees

### Annual Report Net Expense Ratio vs. Peer Group Average

- Expense ratios for funds in the plan are markedly lower than the peer average.

Fund Name	Annual Report Net Expense Ratio	Morningstar Category Average	Discount to Category Average
Dodge & Cox Stock (DODGX)	0.52%	1.16%	55%
Vanguard Institutional Index I (VINIX)	0.04%	1.09%	96%
Harbor Capital Appreciation Instl (HACAX)	0.65%	1.23%	47%
Principal MidCap Value I Inst (PVMIX)	0.98%	1.28%	23%
JPMorgan Mid Cap Growth R6 (JMGMX)	0.74%	1.34%	45%
ASTON/TAMRO Small Cap I (ATSIX)	1.06%	1.42%	25%
Thornburg International Value R6 (TGIRX)	0.74%	1.43%	48%
Am Cent Diversified Bond Instl (ACBPX)	0.40%	0.89%	55%
Vanguard Prime Money Market Instl (VMRXX)	0.10%	0.17%	41%
Principal LifeTime Fund Series – Inst Shares	0.75%*	0.87%**	14%

\*Asset-weighted average cost across institutional shares of the Principal LifeTime fund series.

\*\*Asset-weighted average cost for target retirement date fund series across the industry.



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